

BEFORE THE ENERGY RESOURCES CONSERVATION AND
DEVELOPMENT COMMISSION
OF THE STATE OF CALIFORNIA

APPLICATION FOR CERTIFICATION)	
OF THE)	
CALPEAK ENTERPRISE #7)	Docket No. 01-EP-10
CALPEAK POWER, LLC)	(Application Found
_____)	Complete on:
	May 17, 2001)

Thursday, May 24, 2001
At Escondido City Hall, 201 North Broadway
Escondido, California
7:00 O'Clock P.M.

Reported by:

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT:

WILLIAM J. KEESE, Commissioner, Presiding Member
TERRY O'BRIEN, Commissioner Advisor
DAVID ROSENMAN, Hearing Officer

STAFF PRESENT:

ROBERT WORL, Project Manager, CEC
DOUG PERKINS, Public Adviser
ROGER E. JOHNSON: Siting Officer Manager

APPLICANT:

CHARLES C. HINCKLEY, CalPeak Power
MARK H. LYONS, CalPeak Power
BILL POWERS, Powers Engineering
ROBERT C. MASON, TRC

CITY AND OTHER AGENCY REPRESENTATIVES:

GERRI STRYKER, Director, California Environmental
Projection Agency, San Diego
DANIEL A. SPEER, Senior Air Pollution Control
Engineer, Air Pollution Control District
LORI HOLT PFEILER, Mayor of Escondido

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1 PRESIDING MEMBER KEESE: This is an
2 Informational Hearing conducted by a Committee of the
3 California Energy Commission on the proposed CalPeak
4 Energy Facility.

5 I have been assigned to conduct this
6 proceeding, and I will introduce the table up here.

7 David Rosenman is our Hearing Officer, on my
8 left.

9 Terry O'Brien is my Advisor, on the right.

10 And I'm Bill Keese, the Commissioner.

11 I'll ask the parties to introduce themselves
12 here, and we'll start with the Applicant, Mr.
13 Hinckley, Project Director.

14 HEARING OFFICER ROSENMAN: Ladies and
15 gentlemen, we need to do this on the record. I'm
16 going to ask all speakers to use the podium that Mr.
17 Hinckley is at now. And please try and use the
18 microphones so everyone can hear and so a proper
19 record can be made. Thank you.

20 MR. HINCKLEY: My name is Charles Hinckley,
21 the Project Director of CalPeak Power.

22 PRESIDING MEMBER KEESE: Are there any other
23 members of your staff that are going to be presenting
24 today that you would like to introduce?

25 That doesn't bar you from introducing

1 others.

2 MR. HINCKLEY: Yes, there are.

3 Glenn Sampson, Engineering Director, CalPeak
4 Power.

5 Mark Lyons, our Development Director for
6 CalPeak Power.

7 Dale Fredericks, Developer for DG Power.
8 That should be most of our speakers.

9 PRESIDING MEMBER KEESE: Thank you.

10 Mr. Worl.

11 MR. WORL: I'm here.

12 PRESIDING MEMBER KEESE: Would you like to
13 introduce yourself for the record. And the other
14 members of the staff that may be testifying or
15 presenting today.

16 MR. WORL: My name is Bob Worl. I'm the
17 Project Manager for this Escondido project for the
18 California Energy Commission.

19 And with me today is Roger Johnson. He is
20 the Director of the Siting Commission.

21 PRESIDING MEMBER KEESE: Thank you.

22 We also have Doug Perkins, our Public
23 Adviser, who is here, and Doug, would you --

24 MR. PERKINS: Good evening. Thank you,
25 Commissioner Keese. My name is Doug Perkins. I'm

1 here representing Robert Mendonca, who is the Public
2 Adviser.

3 PRESIDING MEMBER KEESE: And he will have a
4 few more comments in a moment on the role of the
5 Public Adviser. If anybody has questions, ask the
6 Public Adviser directly.

7 Do we have representatives of any
8 governmental agencies here? And would you please
9 come to the mike and identify yourself.

10 MS. STRYKER: I'm Gerri Stryker with the
11 California Environmental Protection Agency, San Diego
12 Business Permit and Environmental Service Center.

13 PRESIDING MEMBER KEESE: Thank you.

14 MR. SPEER: I'm Dan Speer, Senior Air
15 Pollution Control Engineer with the San Diego County
16 Air Pollution Control District.

17 PRESIDING MEMBER KEESE: Is the Mayor going
18 to speak?

19 MR. BRINDLE: My name is Jonathan Brindle,
20 staff member for the City of Escondido. The Mayor
21 stepped out. I'm sure she does intend to speak.

22 PRESIDING MEMBER KEESE: Thank you.

23 Any other agencies? Thank you.

24 CalPeak Power LLP filed an Application with
25 the California Energy Commission for a license to

1 build and operate the CalPeak Enterprise Number 7
2 Energy Facility in the City of Escondido.

3 The Application has been filed under an
4 Emergency Siting Process implemented by the Energy
5 Commission to help meet peak electricity needs this
6 summer.

7 Therefore, this process requires the Energy
8 Commission to move very quickly in reviewing
9 Applications.

10 The purpose of this Hearing is to give you,
11 the public, an opportunity to understand the proposal
12 and to tell us your concerns about it.

13 There will be another hearing in less than
14 two weeks in Sacramento in which the Energy
15 Commission will approve or deny the proposed
16 project.

17 That decision will be based on what we hear
18 today and on what comments we receive over the next
19 several days from you, from public agencies, and from
20 our staff.

21 Despite the abbreviated process, the Energy
22 Commission still has a Mandate to protect public
23 health, safety and the environment.

24 If the Energy Commission approves this
25 proposal, we will mitigate the most serious and

1 adverse impacts.

2 For that reason, we want to hear from you,
3 the public, about your concerns, and any suggestions
4 you have for terms and conditions that we could place
5 on the license to improve the project.

6 We have established an e-mail address for
7 these comments and an 800 number to facilitate
8 comments from those who do not have Internet access.
9 You may check with the Public Adviser for these
10 numbers.

11 I will now turn this over to our Hearing
12 Officer to conduct the Hearing.

13 HEARING OFFICER ROSENMAN: Thank you, Mr.
14 Chairman.

15 Good evening. My name is David Rosenman.

16 This Hearing has several stages to it. I
17 want to make sure that everyone understands what
18 those stages are, and at what points they will have
19 the opportunity to make comments or ask questions.

20 The Hearing will begin with the project
21 developer's presentation about the proposed project.

22 Then we will have the Energy Commission
23 staff representative, Mr. Worl, present their initial
24 review of the project.

25 Following staff's presentation, we'll ask if

1 there are other governmental agencies or entities who
2 want to come forward and describe either their
3 requirements or state their concerns they have about
4 the proposed project.

5 The staff will be performing what is called
6 a Fatal Flaw Analysis to determine if there are any
7 reasons why, even in these emergency conditions, this
8 plant should not be permitted under this abbreviated
9 process.

10 On May 31st, the staff will file the Staff
11 Assessment with any conditions recommended for
12 Permit, and again, Mr. Perkins, the Public Adviser,
13 can give you the web site information.

14 All of this information is posted very
15 quickly to the Energy Commission's website, and you
16 can follow along from the convenience of your own
17 home computer.

18 He will also be able to give you public
19 access phone numbers if you don't have access to a
20 computer.

21 Once we have heard the staff -- excuse me --
22 the Applicant's presentation, the staff's
23 presentation, and other governmental agency
24 presentations, Mr. Perkins will then give you some
25 information about these blue cards. Some of them

1 were even passed out, and they are circulating
2 around.

3 We will take a break so that people have a
4 chance to speak to Mr. Perkins, or if they would like
5 to speak to the Applicant, to speak to Mr. Worl, or
6 any other staff of the Energy Commission or
7 representative, you can ask questions then and in an
8 informal way. Sometimes you need some clarification
9 so that you can set forth intelligently a question or
10 a comment that you may have.

11 We ask that, after the break, the blue cards
12 will be collected, and we will then determine the
13 order that we will go forward, first with questions,
14 and then for comments. So you can see on the blue
15 card that there is a place for you to put your name,
16 your address, and if there is an organization that
17 you are representing; you can list all that. And
18 there is a section that says "Remarks." You can
19 either write down a question or you can state a
20 comment.

21 If you set forth a question, we will read
22 the questions out loud, so please try to make them as
23 legible as you can.

24 And we will ask the appropriate entity to
25 answer it. It can be the Applicant; it can be the

1 staff of the Energy Commission -- whoever.

2 We will then ask those who have indicated
3 they want to make comments to come up to the podium,
4 and they can make their comments on the record as
5 well.

6 At this juncture, without knowing how long
7 the Applicant's presentation or the Energy
8 Commission's staff's presentation is, and without
9 knowing how many questions or comments may be
10 requested, it's impossible for me to say how much
11 time we're going to be able to devote to this.

12 If it looks like it will be necessary, we
13 may have to impose a time limit, but we will do the
14 best we can to make sure everybody has the
15 opportunity to make a comment or to pose their
16 question on the record.

17 Because we are making a record, you need to
18 make sure that you are speaking clearly and into the
19 microphone. Do your best; it will be appreciated.

20 All right. At this juncture, let me ask for
21 the Applicant to make its presentation.

22 And I'll note that if you can't see the
23 demonstration board or the easel that's been placed
24 up, you may want to move over in the audience.
25 We had to place it in such a way that we can see it,

1 and anyone that needs to, can take a look at it.

2 Please announce your name, and go ahead.

3 MR. LYONS: Thank you. I'm Mark Lyons,

4 Director of Development with CalPeak Power.

5 Good evening, Commissioner Keese, Commission

6 staff, and members of the public. We appreciate the

7 opportunity to present our project to you this

8 evening.

9 CalPeak was formed by United Technologies

10 and DG Power, and we're based in San Diego.

11 Last fall, when the Independent System

12 Operator in California identified areas lacking power

13 supply and needing additional generating capacity,

14 CalPeak was a successful bidder to develop seven

15 sites throughout the state.

16 Escondido was identified by the ISO as one

17 of the areas needing additional generation, and

18 CalPeak was selected to develop a site in this area.

19 The proposed facility is a 49 and a half

20 megawatt simple-cycle combustion turbine peaker

21 electric generating station utilizing Pratt & Whitney

22 FT-8 engines in a Twin Pac turbine generator module.

23 This technology is among the best available

24 to help California meet its energy needs quickly and

25 without environmental tradeoffs.

1 The only fuel for the facility will be clean
2 CPUC class natural gas.

3 This equipment is among the most efficient
4 peaking power generating technology available today,
5 which will allow it to generate electricity with less
6 fuel than other older and less efficient engines.

7 From an air quality standpoint, this
8 facility will also utilize state-of-the-art best
9 available pollution control technology that would
10 make it the cleanest peaking power facility in the
11 world today.

12 This technology includes dry low NOx
13 combustion and Selective Catalytic Reduction -- or
14 SCR -- which will limit emissions of nitrogen oxides
15 three parts per million on a three-hour basis and two
16 parts per million on an annual basis, as well as a
17 carbon monoxide, or CO oxidation catalyst designed
18 for 90 percent carbon monoxide reduction.

19 CalPeak submitted an Application for an
20 Authority to Construct with the San Diego Air
21 Pollution Control District on February 3rd, 2001.

22 In accordance with APCD procedures, this
23 Application included an analysis of the cumulative
24 air quality impacts of our facility and all others
25 that are in existence.

1 And we actually went a step further and
2 included in our cumulative air quality impact
3 analysis the RAMCO project, which then had a permit
4 but was not yet constructed.

5 The APCD issued a Draft Authority to
6 Construct the facility in April of 2001, after a
7 30-day public comment period.

8 The proposed project site consists of a
9 2.95-acre parcel that is currently vacant, located
10 west of the southern extent of North Enterprise
11 Street in the City of Escondido. The parcel is zoned
12 M-1 Light Industrial.

13 I have some charts that indicate, for the
14 people who weren't able to attend the site visit,
15 where it lies.

16 This chart indicates where the proposed site
17 is. And again, it is at the southern end of Northern
18 Enterprise Street.

19 HEARING OFFICER ROSENMAN: Mr. Lyons, if I
20 might, are each of the charts you intend to show
21 attached to the Application as a figure?

22 MR. LYONS: Yes, they are.

23 HEARING OFFICER ROSENMAN: So what I'm going
24 to do, for purposes of the record, is mark the entire
25 Application Notebook as Exhibit 1.

1 And if you have the figure numbers, we can
2 fill those in on the record. Do your blowups show
3 what figure it is you are using?

4 MR. LYONS: We will get you the figure number
5 for this one.

6 HEARING OFFICER ROSENMAN: Thank you.

7 MR. LYONS: Again, it's zoned Light
8 Industrial. It is in a disturbed area without
9 concerns for species, biological species, and it is
10 in an area that's overlain with quite a bit of
11 electrical infrastructure at this point.

12 This is Figure 3 in our Application.

13 HEARING OFFICER ROSENMAN: Thank you.

14 MR. LYONS: We also have a couple of photo
15 simulations.

16 First of all, this is a -- this is an
17 artist's rendering of what the facility will look
18 like, and this is Figure 4 in our Application. And
19 it consists of two turbines driving a generator, and
20 the exhaust goes through a selected catalytic
21 reduction unit.

22 And this is, again, like a catalyst
23 converter for your car, and it substantially reduces
24 nitrogen oxide emissions.

25 And here is the stack, which would be at 50

1 feet.

2 This component down here is in the range of
3 30 feet high. It turns up to about 40 for the SCR
4 unit, and this stack will be 50 feet.

5 We have three photo simulations taken from
6 three different vantage points. And for reference,
7 I'm going to just indicate this chart in the back
8 here, which is Figure 6.

9 And we took photographs of the site from
10 three different camera points.

11 Camera Point 1, down here, is across from
12 Vineyard Avenue.

13 Camera Point 2 is up on the hills across
14 Route 78.

15 And Camera Point 3, here, is down on Mission
16 Road.

17 And so one by one, we'll indicate from these
18 camera points of view. This is, this is, and this is
19 a photo simulation done to scale and an artist's
20 rendering of the unit.

21 And as you can see, it blends in very well
22 with the landscape, and this is about the most you
23 would see of the unit.

24 And again, I want to hasten to say these
25 were all done without the benefit of any landscaping.

1 I'll talk about landscaping in a minute. But we have
2 a landscaping plan that we have submitted to the
3 City.

4 We received comments from the staff. We are
5 revising that landscaping plan in accordance with
6 those comments.

7 So this doesn't show any of the
8 landscaping. Obviously, with the landscaping, the
9 facility would be less visible than it is here. We
10 wanted to show what it would look like without the
11 landscaping.

12 HEARING OFFICER ROSENMAN: Is there a time
13 frame within which the Applicant is going to make a
14 further submission to the City on landscaping?

15 MR. LYONS: We don't have a specific time
16 frame at this point, but I -- the answer is soon.
17 We're working on it as we speak.

18 HEARING OFFICER ROSENMAN: We may come up
19 with some time frames for you, so all the information
20 can be properly --

21 MR. LYONS: I appreciate that. That would
22 be great. This is from -- well, this is from
23 Camera Point 3. This is across Mission Road.

24 It is difficult to see our project in the
25 array of electric lines and substations that are in

1 here now. Basically, it would sit back here, across
2 the -- across the road.

3 And this is the view from across Route 78,
4 and here is the proposed site, again, without the
5 benefit of any landscaping.

6 So, as you can see, it blends in pretty
7 well. It is a low-profile unit.

8 Keeping technology --

9 And those figures, for the record, were
10 Figures 7, 8, and 9.

11 HEARING OFFICER ROSENMAN: Thank you.

12 MR. LYONS: This particular site affords
13 convenient access to the natural gas and electric
14 transmission interconnects, thereby minimizing the
15 need for additional infrastructure. The CalPeak
16 facility will be connected to the SDG&E system by a
17 1250-foot transmission line to be built from the
18 plant to the Escondido substation along the existing
19 San Diego Gas & Electric transmission corridor.
20 Gas service will be provided from a San Diego Gas &
21 Electric lateral extension to the plant.

22 As you can see from the photo simulations,
23 the facility fits well within the site. The stack
24 height is 50 feet, which fits with the height of the
25 other structures in the area, and there will be no

1 visible plume from the stack.

2 Electricity generated by the CalPeak
3 facility will primarily be sold under a long-term
4 agreement with the California Department of Water
5 Resources, and we anticipate achieving commercial
6 operations by July or August of this year,
7 thus allowing CalPeak to help meet the state's
8 immediate need for reliable electric supplies and
9 help reduce long-term power costs in California.

10 From a noise perspective, we have completed
11 an acoustical assessment of the proposed project that
12 indicates that sound levels from the facility will
13 comply with all the City of Escondido's noise
14 ordinance criteria at the property boundary and at
15 adjacent properties.

16 The majority of project equipment will be
17 housed in enclosures and will have intake and exhaust
18 silencers.

19 Following construction and commencement of
20 operations, we will monitor actual noise levels from
21 the facility.

22 If mitigation is required at that time to
23 maintain our compliance with City standards,
24 appropriate measures will be taken.

25 From a visual perspective, the facility will

1 be sited in a developing light industrial area and
2 will not be seen from designated public view points
3 such as Knob Hill Park, Woodland Park, or the future
4 site of the La Moree Park.

5 Project components will be painted in tan
6 neutral earth tones so as to blend in with the site
7 and surrounding area.

8 On April 12, CalPeak submitted to the City
9 of Escondido a proposed landscape plan developed in
10 accordance with City standards.

11 Recently, we received suggestions for
12 modifying our proposed plan, submitted as Staff
13 Recommended Conditions of Approval in this
14 proceeding.

15 A central feature of these recommended
16 revisions is to enhance the appearance of the site as
17 a gateway to the proposed Quail Hills Industrial
18 Park.

19 We support the City of Escondido's vision
20 for this important development and are committed to
21 working with them to develop an
22 aesthetically-pleasing treatment for our site.

23 On water use and discharge, the facility
24 will use 10 gallons per minute of water when needed
25 for evaporative cooling, when needed, for peak power

1 augmentation and increased plant efficiency, generally
2 when ambient air temperatures exceed 80 degrees
3 Fahrenheit.

4 This water will be procured from the Rincon
5 del Diablo Municipal Water District system already
6 located on site, and a Water Supply Agreement for the
7 project has been obtained from the District.

8 The cooling water will be recycled on site
9 for a water filtration system for reuse in the
10 facility's cooling unit. No process water will be
11 discharged.

12 Lubrication oil, turbine oil, hydraulic oil,
13 and aqueous ammonia, which is 19 and a half percent
14 ammonia and 80 and a half percent water, will be
15 stored on site.

16 The aqueous ammonia is used for emissions
17 control in the SCR unit. It reacts with the nitrogen
18 oxides and turns the Nitrogen oxides into nitrogens
19 and water vapor, which are essential components of
20 the air we breathe.

21 The aqueous ammonia will be stored in a
22 12,000-gallon tank built inside a secondary
23 containment unit designed to hold 110 percent of
24 the volume of stored ammonia.

25 We are fully committed to developing an

1 environmentally responsible facility that will be an
2 asset to the Escondido community.

3 We appreciate the rigorous and thorough work
4 that the Air Pollution Control District has devoted
5 to reviewing our ATC application as well as the work
6 of the CEC staff in carefully reviewing our
7 Application before the Commission.

8 While the Governor's Executive Orders have
9 provided for an expedited 21-day emergency review
10 period, this does not in any way minimize the full
11 environmental scrutiny that must be brought to our
12 proposed project.

13 We also fully appreciate the time and
14 consideration that the City of Escondido has brought
15 to reviewing our proposed project. We are pleased
16 that the Escondido City Council has made the
17 commitment to fully participate in this CEC process
18 and believe that their input will help make this the
19 best possible project for the Escondido community.

20 With the permission of the CEC, we will move
21 forward on an expeditious construction schedule. It
22 is our intent to be operating late this summer to
23 supply much-needed power for California.

24 Our project development team is here tonight
25 to answer questions, and we will continue to work

1 diligently with the CEC to make this a model project
2 for our State and our community.

3 Thank you.

4 PRESIDING MEMBER KEESE: Thank you. I have
5 a couple questions for you.

6 What is the status of your DWR negotiation?

7 MR. LYONS: If I may, I would like to call
8 on other members of the project team who are directly
9 involved in these aspects.

10 MR. HINCKLEY: We've signed a letter today
11 with the DWR for this power. We've agreed on the
12 draft form of the contract. They have more than one
13 form of contract they use as a template. And I
14 believe we have our negotiating session scheduled for
15 not next week but the Monday and Tuesday of the
16 following week.

17 We expect to have the contract signed in a
18 fairly expeditious manner.

19 PRESIDING MEMBER KEESE: Thank you.

20 You showed some exhibits here. Would you
21 tell me where I would identify the lay-down area,
22 which -- which slide, which figure?

23 MR. HINCKLEY: The pipeline is Figure 10,
24 here in relation to the site, and the proposed
25 lay-down area is along the access road to the site.

1 PRESIDING MEMBER KEESE: Can I mark what I
2 have in front of me as the construction lay-down
3 area?

4 MR. LYONS: Yes, sir. Figure 10.

5 PRESIDING MEMBER KEESE: Figure 10. Thank
6 you. One second here.

7 Would you clarify for me -- and I'm going to
8 go to Section 5.5 of your Application: "The project
9 potential to emit is below emission offset
10 thresholds. As a result, no emission credits need to
11 be purchased for any mode."

12 And then the next sentence says, "Sufficient
13 SO2 trading allowances will be purchased to offset
14 potential SO2 emissions."

15 Somebody that reads that -- I can think of
16 what that might mean, but reading it back to back is
17 a little confusing.

18 Would somebody explain that to me?

19 MR. LYONS: I would like to ask Bill Powers,
20 of Powers Engineering, who is our air quality expert,
21 to answer that.

22 PRESIDING MEMBER KEESE: Thank you.

23 MR. POWERS: Hello, Commissioner. These
24 plans fall into the Clean Air Act, Title 4, Acid Rain
25 Program, and as a result, they are required to

1 purchase trading allowances for SO2, and these are
2 purchased from a national bank of SO2 allowances.

3 You are required to purchase those
4 allowances the year following the emissions, And
5 that's what that means.

6 PRESIDING MEMBER KEESE: How does this
7 relate to the emissions, falling below the emission
8 offset thresholds? Is that SO2 a criteria?

9 MR. POWERS: Yes. The emission offset
10 thresholds are set for the County of San Diego as
11 opposed to the Federal Acid Rain Program for those
12 trading allowances, which are required to be
13 purchased, so we're talking about two different and
14 distinct programs along with the San Diego County
15 program.

16 PRESIDING MEMBER KEESE: No emission credits
17 need be purchased for any pollutant for one purpose,
18 but for another purpose, they are going to be
19 purchased?

20 MR. POWERS: Correct.

21 PRESIDING MEMBER KEESE: That is as clear as
22 mud.

23 MR. POWERS: Well, it is clear as mud in some
24 ways.

25 PRESIDING MEMBER KEESE: I -- I understand

1 the question. Thank you.

2 MR. POWERS: Thank you.

3 HEARING OFFICER ROSENMAN: I did have one
4 question, Mr. Lyons.

5 In the Application itself, which of course
6 was filed several weeks ago -- so I assume some
7 things have happened since then -- there is mention
8 that the fire department will provide a will serve
9 letter later. And what you included in the
10 Application is information from the fire department
11 about what their closest facilities are.

12 Has there been any further progress on
13 obtaining a fire department will serve letter?

14 MR. LYONS: I would like to introduce Bob
15 Mason, from TRC Environmental, to address that
16 question.

17 MR. MASON: Good evening. The will serve
18 fire letter was in fact obtained, and it is
19 running -- and very quickly, to inspect it, it is at
20 Appendix L within the book.

21 HEARING OFFICER ROSENMAN: Hang on one
22 moment.

23 My understanding of Exhibit L is, as you
24 stated, Section 10.1 of the Application is that this
25 is an ability to serve letter, and you state also in

1 that section that a will serve letter will be
2 provided later.

3 So my understanding of Exhibit L is that
4 that's showing what's available or the ability to
5 serve but not necessarily a will serve letter.

6 As far as the nomenclature, you need to
7 direct me.

8 MR. MASON: It may be some clarification is
9 needed within the text. This is the will serve
10 letter from the fire department.

11 HEARING OFFICER ROSENMAN: All right. Thank
12 you. All right.

13 I want to thank the representatives from
14 CalPeak for their presentation.

15 Next I would like to invite Robert Worl,
16 from the Energy Commission's staff, to address the
17 issue of the staff's review, Fatal Flaw Analysis, and
18 the Staff Assessment Report.

19 Mr. Worl, do you have hard copies of the
20 information you are placing on the board?

21 MR. WORL: Yes, I do, and it is being passed
22 out now by Mr. Johnson.

23 HEARING OFFICER ROSENMAN: Would you have a
24 set brought up here? And I would like to mark it as
25 our next exhibit. We'll mark it Exhibit 2 to these

1 proceedings. Thank you.

2 MR. WORL: I want to thank the City of
3 Escondido for hosting us in these lovely facilities.

4 My name is Robert Worl, and I'm the Project
5 Manager for the Escondido Project, CalPeak,
6 representing the California Energy Commission.

7 And what I'm here to do is to discuss a
8 little bit about the process, and I'm going to very
9 quickly, in the interest of time, go through this
10 presentation.

11 First off, this is the 21-day emergency
12 permit process, and the way that a project may
13 qualify is if it is a peaker power plant aimed at
14 serving the peak power needs of the state.

15 They need to be on line, delivering power,
16 by September 30th of this year, 2001; they must be 50
17 megawatts or larger; and they must have no fatal
18 flaws within the period of our Application review.

19 In a peaking project analysis, we go through
20 several phases. Of course, the initial part is
21 looking for fatal flaws.

22 Our resource people look for problems that
23 cannot be overcome in the time that's available for
24 the project to be reviewed and quickly ferret those
25 out. We have not yet found one with this project.

1 We must have no public health or safety
2 concerns; must have mitigated environmental impact.

3 If there is any that is projected, is found
4 during the analysis, there can be no significant
5 adverse energy system impact.

6 And it must comply with the legal
7 requirements, and it must control the site. In other
8 words, there can be no risk of all of a sudden having
9 -- having the site pulled out from under the project
10 during construction or after operation begins.

11 And this process, through the California
12 Energy Commission, is CEQA exempt from the actual
13 requirements; however, we feel that the analysis that
14 we go through still remains rigorous, and
15 particularly regarding the critical elements of
16 safety, health, and the environment.

17 The length of the CEC permit is for the life
18 of the project, which means it can be a very extended
19 period of time, up to 50 years.

20 The Contract is with the State of
21 California. It meets the continuation criteria at
22 the end of Contract, and initially this is set up to
23 have evaluative aspects at the end of the first three
24 years.

25 It must meet Best Available Control

1 Technology and have permanent air emission offsets
2 and compliance with all the Energy emission
3 conditions that are imposed at the time that the
4 Application is certified.

5 They must have and maintain site control,
6 and the project must be a permanent facility. It
7 cannot be on trailers or skids or in any other way a
8 temporary facility that can be quickly removed.

9 This is the process that covers the first
10 three years with an option to recertify without an
11 ISO or DWR contract.

12 This particular application has a very tight
13 schedule, as has been mentioned several times, 21
14 days from the time that this was certified as
15 adequate, May 17th.

16 All comments are due to the Energy
17 Commission by May 29th. So, please keep that in mind
18 as you prepare your comments.

19 Particularly we encourage you to provide us
20 with written comments.

21 HEARING OFFICER ROSENMAN: Let me note, Mr.
22 Worl is really talking more so to the people in the
23 audience than he is to the Committee at this point.

24 Any written comments have to be into the
25 Energy Commission by that date, May 29, if the staff

1 is going to be able to address them and potentially
2 include them within its consideration, and the very
3 next item that Mr. Worl has mentioned.

4 So note the date, and you will be able to
5 get appropriate phone numbers, mailing addresses, and
6 e-mail addresses from either Mr. Worl or Mr. Perkins,
7 the Public Adviser.

8 Go ahead, Mr. Worl.

9 MR. WORL: Thanks for that clarification.
10 It was very good. I think I'm going to include it
11 next time.

12 HEARING OFFICER ROSENMAN: Be my guest.

13 MR. WORL: We can't overstate the importance
14 of written comments. We do want to consider what
15 people have to say about the project, and it is
16 important that we get those, especially in a
17 shortened time frame.

18 We will have our staff assessment complete
19 and to Commissioner Keese by May 31st.

20 And the Commissioner's decision -- which is
21 Commissioner Keese in this case who has been
22 assigned -- will have his decision ready by June 4th,
23 and put forward to the full Commission.

24 The full Commission will then consider that
25 decision at their regular business meeting on June

1 6th and render a decision on the CalPeak Escondido
2 project.

3 The permit conditions -- the Commission
4 decision will also state all of the conditions that
5 are incumbent upon the Applicant and specifies the
6 measures for construction; it will specify measures
7 for operation; and it will assure compliance with all
8 laws, ordinances, regulations, and standards.

9 We have a Compliance Project Manager on
10 staff, that will review this project, who will stay
11 with this project not only through construction but
12 through its initial operation stage and on through,
13 for the life of the contract.

14 The Commission compliance monitor works to
15 assure project compliance with all of the conditions
16 that are imposed.

17 At the time that the Permit is granted, they
18 monitor the construction and operation, and they
19 assure the continuation of the meeting of all of the
20 laws, ordinances, regulations, and standards.

21 Once again, if you need more information, my
22 number is up there, area code (916) 651-8853.

23 And the toll free number to ask questions or
24 provide commentary is 888-871-9673.

25 Also, the web address is www.energy.ca.gov/

1 sitingcases/peakers/index.html. I'm sure everybody
2 got that in their notes.

3 Once again, I wanted to just mention that we
4 have done our staff analysis of the Application, and
5 at this particular point in time, we're moving
6 forward with that.

7 The staff assessments will be coming into me
8 shortly, and we will be writing up the
9 recommendations of our staff as well as doing our
10 best to incorporate those comments that we receive,
11 and at this juncture, I guess it is safe to say that
12 we have encountered no fatal flaws that would
13 indicate that we would cease or not move forward with
14 this project at this time.

15 Thank you very much for your time.

16 HEARING OFFICER ROSENMAN: Thank you very
17 much, Mr. Worl.

18 All right. At this point in the
19 proceedings, we would like to hear from any
20 governmental agency or entity that would like to make
21 a presentation. So please come on up to the
22 microphone, and please identify yourself for the
23 record.

24 MAYOR PFEILER: Hi. I'm Lori Holt Pfeiler,
25 Mayor for the City of Escondido. And thanks for

1 holding the hearing in our City.

2 HEARING OFFICER ROSENMAN: Thank you for
3 having us.

4 MAYOR PFEILER: We're pretty proud of this
5 facility specifically.

6 Just to start off, this project is at the
7 entrance -- and we saw that at the site visit -- it
8 is at the entrance to our Industrial Park, and it is
9 important that the berming and landscape features be
10 included in the project for the west-facing side.

11 It is important to this City that we be able
12 to generate great jobs, and specifically that we can
13 build a high-quality industrial park so we can have
14 these great jobs improve the traffic and the
15 congestion -- which I think you were even suffering a
16 little bit in this afternoon. So, from a regional
17 perspective, and the local community, that is of
18 critical importance to us.

19 We also have talked about air quality, as we
20 have talked about with other energy plants we would
21 want in the City of Escondido.

22 I know that's a common complaint throughout
23 the state, but air quality has been of a concern to
24 us, specifically being able to understand the
25 cumulative impacts. We think we have prime real

1 estate here, and so understanding those cumulative
2 impacts are serious.

3 So last night, we voted on the conditions --
4 and I will read it to you. And I will also give it to
5 you as part of the record.

6 The developer shall deposit the sum of
7 250,000 dollars with the City of Escondido prior to
8 commencing commercial operations.

9 Such funds will be held in trust by the City
10 to secure compliance with all applicable air quality
11 regulations and imposed by the Air Pollution Control
12 District or the California Energy Commission.

13 Such funds shall be forfeited to the City in
14 the event of any violation of any applicable air
15 quality regulation or condition as determined by
16 either the City or the District.

17 Any funds in the trust account, such as
18 accumulated interest, which are in excess of 250,000
19 dollars shall be refunded at the request of the
20 Developer. The existence of such funds, not
21 forfeiture of the funds, shall be in addition to any
22 other remedy, fine, forfeiture or penalty applicable
23 to such air quality violations and shall not affect
24 in any manner the ability of the APCD, the CEC, the
25 City, or any other regulatory authority to enforce

1 applicable air quality regulations.

2 We have had a very bad experience in this
3 City, and that's why it colors our conditions. We
4 don't believe we always have the ability to control
5 the situation once something bad happens, so it
6 colors our understanding of that.

7 We appreciate that the CEC staff has
8 consistently checked and worked with our staff to
9 comply with our local standards and to find out what
10 our standards are.

11 Not complying with the local land use
12 process and RCD process means this project doesn't go
13 through design review, and it doesn't go through a
14 local public hearing, so that we can add conditions
15 or concerns and mitigate those concerns that would
16 come up. But we appreciate that the staff has worked
17 with us to find out what our standards are.

18 As to a comment that was made earlier, we
19 have submitted conditions to your staff, and I'll
20 give you a copy of those tonight.

21 They do include fire protection. There are
22 conditions in there about fire protection, and we
23 don't -- we are not aware of a will serve letter, but
24 we do have some conditions that address that.

25 We have submitted conditions, and the

1 Council voted last night, and I will represent to the
2 Commission that these conditions are very important
3 to the City of Escondido.

4 We hope that you take them very seriously.

5 Thank you.

6 HEARING OFFICER ROSENMAN: Thank you, Mayor.

7 Can you bring those forward. Thank you very much.

8 All right. Let me mark this for the
9 record. I'll identify this as Agenda Item E.1.B for
10 the Agenda of May 23, 2001, and I'm going to mark
11 that as Exhibit 3 to these proceedings.

12 And that contains the language read into the
13 record by the Mayor relating to a deposit by the
14 Applicant.

15 And we will mark as Exhibit 4 to these
16 proceedings a letter to the attention of Robert Worl,
17 and signed by Jonathan Brindle, Assistant Planning
18 Director for the City. It is dated May 17, 2001.

19 Ms. Mayor, does this letter include the
20 landscaping concerns that were raised previously?

21 Could I have you come up to the microphone
22 to answer the question so I can make sure this is on
23 record? I'm sorry.

24 MAYOR PFEILER: I have that same problem, to
25 try to get people to come back to the microphone.

1 The letter addresses the landscape but not
2 the conditions that followed. That letter does
3 address the landscape concerns. We have those all
4 included.

5 HEARING OFFICER ROSENMAN: Very good.

6 PRESIDING MEMBER KEESE: Would you mind --
7 just because there is an audience here too -- would
8 you mind giving us a thumbnail of what landscaping
9 suggestions you are making?

10 MAYOR PFEILER: Well, we've talked about
11 berming and landscaping.

12 PRESIDING MEMBER KEESE: So you are talking
13 about -- I imagine you're talking about the -- I
14 don't know -- how the power line side -- tell me
15 whether that's north, south --

16 MAYOR PFEILER: The power line side would be
17 considered the west side.

18 PRESIDING MEMBER KEESE: So you're
19 suggesting berming?

20 MAYOR PFEILER: Yes.

21 PRESIDING MEMBER KEESE: And considering
22 where the level is now, what kind or size berming are
23 you thinking of?

24 MAYOR PFEILER: Going to the site was very
25 helpful, so, standing on the site, and if you look

1 down to the left of the two towers, and you recognize
2 where the road is going to come up, and as you would
3 look up, we want to make sure that it looks nice.
4 That's going to be the entrance to the Industrial
5 Park.

6 So what kind of berming and what kind of
7 landscaping will suffice, it would be so that I can
8 have a high-quality industrial user come to my City,
9 and if the entrance is going to be strictly looking
10 like a power plant, and you see the power plant, we
11 won't be able to get the high quality that we want.
12 So the berming or the landscaping is going to have to
13 go around so you don't see that.

14 PRESIDING MEMBER KEESE: Let's divide it:
15 The berming, did you suggest 2 feet, 5 feet, 10 feet,
16 20 feet?

17 MAYOR PFEILER: I'll ask my Planning Director
18 about that.

19 PRESIDING MEMBER KEESE: Okay.

20 I think, for discussion purposes, it would
21 be nice to get a general idea what you have in mind.

22 MR. BRINDLE: My name is Jonathan Brindle,
23 Assistant Planning Director to the City.

24 There are two aspects of the landscaping.
25 The northern and western boundaries we have

1 determined are the most critical.

2 The suggestion was a 10-foot high berm,
3 two-to-one slope on either side of it for 40 feet.

4 The two purposes were to provide
5 opportunities for landscaping and also to reduce the
6 necessary height of the noise walls. So our thought
7 was to provide opportunities for landscaping and
8 opportunities to lesson the visual impacts of the
9 noise walls.

10 PRESIDING MEMBER KEESE: Okay. So you have
11 suggested a consistently uniform berming on the
12 north, which faces down the street, and on the west
13 side, which faces the power lines?

14 MR. BRINDLE: That's correct.

15 PRESIDING MEMBER KEESE: How tall?

16 MR. BRINDLE: 10-foot-high berm, which would
17 mitigate, and there would be noise wall requirements
18 on top of those.

19 And then our other suggestions along the
20 east and south of that would be screening the
21 necessary noise walls, to provide enough setback and
22 landscape buffer so there wouldn't be a large mass
23 right on the property line.

24 PRESIDING MEMBER KEESE: Okay. So that's
25 the berming. And would the other screening that you

1 are talking about be the walls?

2 MR. BRINDLE: Yes. There are noise walls
3 along the east and the south, and the thrust of the
4 conditions was the visual impact of those walls.

5 PRESIDING MEMBER KEESE: You are suggesting
6 what?

7 MR. BRINDLE: Just landscaping and a
8 sufficient setback of the walls so that landscaping
9 can be planned further.

10 PRESIDING MEMBER KEESE: Trees or --

11 MR. BRINDLE: Trees -- shrubs and trees.

12 PRESIDING MEMBER KEESE: Did you give
13 specifics in this letter? I haven't seen it, so did
14 you give specifics?

15 MR. BRINDLE: We didn't give specific ratios.
16 We did not give a precise plan.

17 PRESIDING MEMBER KEESE: But by vegetation?

18 MR. BRINDLE: Yes.

19 PRESIDING MEMBER KEESE: Thank you.

20 HEARING OFFICER ROSENMAN: Are there any
21 other governmental agencies or entities that would
22 like to make any presentation with respect to the
23 project at this time.

24 All right. It doesn't appear so.

25 Mr. Perkins, the Public Adviser, I think you

1 should make a presentation at this juncture.

2 After Mr. Perkins' presentation, we will be
3 taking a short break, and I'm going to suggest ten
4 minutes or so.

5 And again, the purpose of that break --
6 several purposes: One is you can ask Mr. Perkins
7 questions about filling out your blue cards.

8 The blue card has a box where you can check
9 off, if you want, to make your comment, or if you
10 don't check it, we'll just note your comment for the
11 record.

12 You can also write a question, which again,
13 we will read off.

14 And during the break, you can also
15 informally approach Mr. Hinckley or Mr. Lyons or
16 others relating to CalPeak. If you have questions of
17 them, that you would like to ask informally, you are
18 certainly permitted to do that.

19 Similarly, if you have questions of Mr. Worl
20 about the staff's work, you can ask him.

21 Yes, Mr. Worl?

22 MR. WORL: We're fortunate enough to have a
23 representative here of the Air Pollution District of
24 San Diego. And I was wondering if maybe he can come
25 up and just give a brief idea of the process they go

1 through and the evaluation that they did on this
2 project, because air quality was one of the things
3 that was brought up the most from the most sources.

4 HEARING OFFICER ROSENMAN: All right. Thank
5 you, Mr. Worl.

6 I think it was Mr. Speer; is that right?

7 MR. SPEER: I am Dan Speer, with the Air
8 Pollution Control District, San Diego.

9 We received an Application from the
10 proponent some time ago -- actually, long before the
11 process was started with the Energy Commission.

12 We have reviewed the Application and
13 concluded that they have proposed equipment that is
14 capable of complying with the District's air rules
15 and regulations, all state regulations and federal
16 regulations that we apply to this type of a source.

17 We have proposed a Preliminary Authority to
18 Construct to be issued with conditions.

19 That description of the project -- and that
20 has run a 30-day comment period, and it is available
21 now to be issued upon Certification by your Board.

22 HEARING OFFICER ROSENMAN: Thank you very
23 much, Mr. Speer.

24 All right. Doug Perkins from the Public
25 Adviser's Office.

1 MR. PERKINS: Good evening, Chairman Keese,
2 members of the California Energy Commission, and
3 members of the public.

4 My name is Doug Perkins, as you've heard,
5 and I'm here representing Roberta Mendonca, who is
6 the Public Adviser for the Energy Commission. I'm
7 part of the team that's been assembled to assist the
8 public throughout the State of California in
9 understanding the Governor's Emergency Siting
10 Process.

11 Our role is to make sure that you get the
12 information and the contacts that you need if you
13 want to participate in the process.

14 We have an office here in San Diego. We can
15 be reached at a local 800 number, which is
16 1-800-273-4459, or you can e-mail us at the Public
17 Adviser's office at energy.state.ca.us. And I have
18 my own personal e-mail address if some of you need
19 it. I have included those in some materials outside
20 that you will hear about in a moment.

21 As members of the public, you have an
22 absolute right to participate and comment on the
23 proposed CalPeak project. We encourage your
24 participation and welcome all types of community
25 input.

1 Hopefully many people will have many
2 different opinions and comments about the proposed
3 project.

4 These opinions and comments are an important
5 source of information for the Energy Commission staff
6 to use in evaluating the project.

7 Because this project is an expedited case,
8 the Adoption Hearing will be tentatively scheduled
9 for June 6.

10 As you heard, to make sure that your public
11 comment is included in the rendering of the decision,
12 we need to make sure that you get your comments and
13 questions to us no later than next Tuesday.

14 If you want information or further
15 information about how to participate in the siting
16 case, or if you have questions, please call me or see
17 me tonight.

18 I provided materials out on the green
19 counter as you come in, to the left, outside the
20 doorway, with some pertinent information about the
21 project. There is copies of the Governor's Emergency
22 Order, and there is also all the contact information
23 that I've gone over quickly here in my comments
24 tonight.

25 Probably the best way to access that

1 information you have is through the Internet, and it
2 is also the fastest way to ensure that your comments
3 are considered by the Energy Commission staff.

4 That address again -- we have gone over it a
5 number of times, but I will give it one more time --
6 is www.energy.ca.gov/sitingcases/peakers/index. And
7 if you need me to give it slower, I'll be glad to do
8 so at the break.

9 I encourage you to get those comments either
10 to my office or to the e-mail address.

11 We have heard about the blue cards tonight.
12 They are important because they help us to assess how
13 much time we need to allow for the public hearing.
14 We can -- if there are common questions, we can get
15 some of those questions answered and as part of the
16 first hearing process after the break. So we ask
17 that you fill out the cards, include either under
18 "Remarks" or on the back, any questions that you may
19 have, and we'll attempt to address those.

20 Also, if you care to come forward and speak,
21 we will hopefully have the time to allow you to do
22 that, and you need to check the little small box on
23 the front of the card.

24 To make sure that all your questions are
25 addressed tonight, it will be important that you fill

1 out the card and come to the mike.

2 In conclusion, we look forward to working
3 with you, answering any questions that you have
4 regarding the CalPeak project, and please call me or
5 contact me if we can be of further help.

6 Thank you.

7 HEARING OFFICER ROSENMAN: Thank you, Mr.
8 Perkins.

9 We are going to take a very short break --
10 we'll make it a five-minute break. The Chairman and
11 his advisor are on a tight schedule for their plane,
12 so we'll go off the record for a short break.

13 (Recess.)

14 HEARING OFFICER ROSENMAN: Ladies and
15 Gentlemen, we need to have everybody back in and
16 seated, please. Let's go back on record.

17 PRESIDING MEMBER KEESE: On the record,
18 Roger Johnson -- Roger, we had a question here about
19 the Governor's Executive Order, when it applies to 50
20 megawatts.

21 Am I correct that it applies to power plants
22 under 50 megawatts if they have a contract with the
23 Department of Water Resources?

24 MR. JOHNSON: That's correct, either the ISO
25 or the Department of Water Resources. And this

1 project does meet that criteria. We're reviewing
2 this project in that process.

3 PRESIDING MEMBER KEESE: Jurisdiction is
4 dual; we have anything over 50 megawatts, and we have
5 peaking power plants that have a contract.

6 MR. JOHNSON: That's correct.

7 PRESIDING MEMBER KEESE: Thank you.

8 HEARING OFFICER ROSENMAN: Just for the
9 record, that's in response to a question asked by
10 Lisa Gomez. I hope that that was sufficient.

11 All right. Normally we do questions first
12 and comments second, but I understand from speaking
13 with Mr. Perkins, that a couple of comments may
14 assist the public greatly, and again, so that the
15 Chairman and his Advisor can make their plane, we are
16 going to be finished by 9:00, so I hope we don't have
17 too many people who have to wait for too long. I
18 think we will get to everyone.

19 First, Eugene Mitchell, on behalf of the San
20 Diego Regional Chamber of Commerce. Mr. Mitchell.

21 MR. MITCHELL: Good evening. How are you?

22 My name is Eugene Mitchell, and my daughter,
23 Makenzie Mitchell.

24 I'm here representing the San Diego Regional
25 Chamber of Commerce and 3400 businesses here in the

1 San Diego region.

2 And it is a pleasure to see this project
3 being put forward by the Commission, as we know, both
4 in this region and across the State of California.

5 It is most important for business and just
6 for lights, which it has been very difficult to pay
7 the bills and to take care of your families.

8 So we encourage the support of this project
9 because it would make a difference in preserving our
10 economy, which is booming, and protect the quality of
11 our lives.

12 Thank you very much for your time and your
13 support.

14 HEARING OFFICER ROSENMAN: Let me note for
15 the record that Mr. Mitchell submitted comments in
16 writing, as well, and I'm going to mark that as
17 Exhibit 5 to these proceedings.

18 Thank you very much, Mr. Mitchell.

19 All right. Next I believe a comment by Mr.
20 Rowley relating to -- Mr. Rowley, my understanding is
21 that you have a Power Point presentation.

22 How long do you need for your comment?

23 MR. ROWLEY: Five minutes, maybe a little
24 longer.

25 HEARING OFFICER ROSENMAN: I'm going to

1 suggest we defer until -- and there are a couple of
2 people who indicated a level of importance of getting
3 their comments in sooner than later, so please hold
4 for a moment.

5 All right. Connie -- is this Witt or Whim?
6 I'm sorry, I can't read the writing very well.
7 Unfortunately, there is no remark written here, so we
8 have no idea what the subject matter is.

9 I'll also note we have a similar card from
10 James McCann. If McCann can come up and at least
11 give us some indication of what the subject matter
12 is. We need that so we can organize these
13 correctly.

14 All right. Can we get your name for the
15 record?

16 MS. WITT: Yes. My name is Connie Witt. I
17 live at 2311 Rancho Diego Court in Escondido.

18 And I would like to let you know that
19 Escondido is a hidden valley, and in this valley, we
20 have air during the summer that stands and does not
21 move. And if we have an accumulation -- of which now
22 there are some people that want Escondido to be the
23 peaker capital of the world -- it's going to make it
24 very difficult to breathe the air here in Escondido.

25 We have two small peaker plants already in

1 Escondido. Last week -- a couple weeks ago, the City
2 Council just approved another 40 line -- 44 -- they
3 changed it -- 44.4 peaker plant, and we also have the
4 ISO complex peaker plant, which concerns us in that
5 we want to do everything we need to do to help out
6 the energy crisis, but we need to look after our
7 hidden valley as well.

8 In the cogeneration plant, there was an
9 article in the paper that they might have to close
10 down next year because of the prices, and the
11 question, I guess, that a lot of citizens have, is
12 why not offer the same contracts that you are giving
13 to these new peaker plants to the old peaker plants
14 so they can continue on working instead of having new
15 peaker plants come in.

16 But I know that you are here tonight because
17 on January 17th, the Governor proclaimed a power
18 crisis, and that he had the right to put peaker
19 plants anywhere.

20 We also found out a month ago that peaker
21 plants back in November made contracts to come to our
22 city and build, and they made it to the State, and --

23 HEARING OFFICER ROSENMAN: Excuse me. We do
24 have to limit our time. We will give you two more
25 minutes for your comments.

1 MS. WITT: Yes. And we weren't told until
2 much, much later that the peaker plants had made
3 contracts with the ISO. We thought that they came
4 here, and they were going through our regular city
5 process, and that the City had the right to approve
6 the peaker plants.

7 But, we're curious as to why they made
8 contracts with the ISO.

9 But even more than that, last month, we had
10 the Governor's Clean Energy Green Team come down, and
11 they are the one that actually told us that the ISO
12 had made a contract with peaker plants back in
13 November, which was quite a shock to the citizens.

14 And I talked to a Hope Schmelzer --

15 PRESIDING MEMBER KEESE: Yes?

16 MS. WITT: And I asked her -- in fact, it is
17 on tape, because I asked her -- and I was standing
18 right here, so you can get the tape.

19 HEARING OFFICER ROSENMAN: One minute.

20 MS. WITT: I asked her if these peaker plants
21 now had to go through the City process.

22 And she assured me yes.

23 And I said, "You mean every peaker plant has
24 to go through the City process?"

25 And she said "Yes."

1 I talked to her again, and I asked her the
2 same questions, that every peaker plant has to go
3 through the City process, even though they have
4 already made a contract with the ISO; it still had to
5 go through the City process.

6 So we're very confused tonight, when you
7 come here and you say that you can override the City
8 process, about telling the truth.

9 PRESIDING MEMBER KEESE: Let me answer a
10 couple points here.

11 Number 1, we've heard earlier that this
12 plant does not have the contract. They have a
13 Memorandum of Understanding, and they are on the way
14 to getting a contract, but they don't have a
15 contract.

16 MS. WITT: They don't have a contract? It
17 says in the contract that they don't have to go
18 through this process.

19 They are not eligible for it.

20 PRESIDING MEMBER KEESE: If they don't get a
21 contract, they will not be eligible, but they are
22 working on a contract. I'm just saying they don't
23 have a contract yet.

24 I don't know who you were talking about in
25 November.

1 Secondly, if they're eligible for our
2 process, it comes through our process, and we take
3 into consideration all the local ordinances,
4 regulations, and standards, so we take that into
5 consideration but, Ms. Schmelzer, if that was her
6 indication, that was not correct.

7 MS. WITT: Then I would like it in writing
8 that she was incorrect when she told us --

9 PRESIDING MEMBER KEESE: I wasn't there at
10 the conversation, so --

11 HEARING OFFICER ROSENMAN: Excuse me, Ms.
12 Witt. We do not have the time --

13 MS. WITT: They do not have a contract right
14 now?

15 HEARING OFFICER ROSENMAN: -- and I'm going
16 to ask you to give up the microphone --

17 MS. WITT: They do not have a Contract?

18 PRESIDING MEMBER KEESE: That's what they
19 testified.

20 MS. WITT: They do not have a contract?

21 PRESIDING MEMBER KEESE: That's correct.

22 HEARING OFFICER ROSENMAN: Thank you, Ms.
23 Witt. All right.

24 We'll move on to other questions. All
25 right.

1 Mark Rodrigues, I'm going to ask the
2 question. I'm not sure why there is an
3 indication here -- I'll read the comment, as well,
4 read the entire card.

5 "What protection monitoring devices will be
6 used for ammonia slip or PM 2.5 considering very
7 little standby time will be involved"?

8 Is there anyone on behalf of the Applicant
9 who can address that issue? Perhaps the Air District.

10 MR. HINCKLEY: We'll have Bill Powers, our
11 air quality expert.

12 MR. POWERS: Bill Powers. As far as the
13 ammonia slip, there will be a meter system, basically
14 a parametric conditions monitoring system, is what it
15 is called, to monitor the amount of ammonia that is
16 injected into this -- into the NOx control system,
17 the selective catalytic reduction.

18 And this will be tested during the initial
19 shakedown phase of the turbine installation to
20 corroborate the relationship and to provide an
21 indirect form of continuous monitoring for ammonia
22 slip.

23 As far as PM 2.5 goes, the plant will be
24 limited to natural gas firing only. And the
25 concentration will be following the guidelines for

1 BACT, for PM10, which is use of natural gas with a
2 very limited quantity of sulphur in it.

3 That is the extent of the controls for
4 ammonia slip and for PM 2.5 in this case.

5 HEARING OFFICER ROSENMAN: All right.

6 MR. POWERS: Thank you.

7 PRESIDING MEMBER KEESE: Thank you.

8 HEARING OFFICER ROSENMAN: Another question
9 from Mr. Rodriguez. What legal ramifications must be
10 considered since the property is subject to a CUP --
11 Conditional Use Permit -- especially for a land use
12 issue?

13 I'm not sure I understand that.

14 Mr. Rodriguez, Mark Rodriguez, could we have
15 you come up to the microphone?

16 MR. RODRIGUES: Mark Rodrigues, 945
17 Chardonney Way, Escondido.

18 Basically my understanding is the City has
19 the authority to agree or to disagree or to actually
20 permit the plant because it is a conditional --
21 because there is land use issue concerning the
22 property.

23 It is designated as a -- I'm not sure M1 or
24 2 land-use designation, and that requires the City
25 of what goes on the property to get a Conditional Use

1 Permit and has to go through the City process.

2 PRESIDING MEMBER KEESE: You are wrong.

3 That's -- that's not correct. This project is
4 presented to the Energy Commission, and we'll decide,
5 the Energy Commission.

6 We will take into consideration any input we
7 get from the City.

8 MR. RODRIGUEZ: The City has no authority or
9 no control of what's going on?

10 PRESIDING MEMBER KEESE: We're here -- we're
11 here, and we're going to attempt to make this project
12 totally compatible with all interests, your
13 interests, the City's interests the Applicant's
14 interests, but as far as that being an estoppel to
15 this project, no.

16 HEARING OFFICER ROSENMAN: Mr. Rodriguez, to
17 at least address some of your concerns, the City does
18 have the opportunity to have input in the process,
19 and they have, as indicated by the Mayor earlier.

20 And as I have indicated on the record, a
21 letter has been submitted by the Assistant Planning
22 Director to the Commission with a rather extensive
23 list of proposed conditions and concerns. I think
24 the mayor addressed a portion of them, but I assure
25 you, this is a rather extensive list of material that

1 the City has placed before the Commission staff for
2 its consideration, so it is not as if the City is
3 shut out of the process. They have the opportunity
4 to submit whatever information they think is
5 important for the Commission to consider.

6 PRESIDING MEMBER KEESE: The Mayor also
7 indicated that there had been extensive meetings
8 between City and staff to detail what the City's
9 process was so the staff could take that into
10 consideration in their actions.

11 And let me just mention an important step
12 here.

13 While I refer to it as staff, staff is an
14 independent party to these proceedings as far as
15 those of us up here are concerned. We can't talk to
16 the Applicant outside of this process, and we can't
17 talk to the staff outside of this process. So we're
18 going to get a presentation by the Applicant, and we
19 are going to get a recommendation by staff.

20 When they give us their recommendation, we
21 will make a decision.

22 HEARING OFFICER ROSENMAN: It is part of the
23 staff's assessment process to include some element of
24 the information that's been provided to it in this
25 instance by the City.

1 MR. RODRIGUEZ: Just to let you know, I'm a
2 resident that's on the opposite side of that bridge
3 line, and what goes on or into that property, that
4 high-tech industrial park, is of major concern to me,
5 and the effect of that power plant and what it is
6 going to be, what businesses are going to be
7 attracted because of that plant and its location and
8 its visibility, especially that part right there, the
9 most north, which is supposedly or going to be
10 intended to be a corporate headquarters. And for
11 corporate headquarters, looking down what I would
12 say -- especially after seeing the retroproject, the
13 humongous project, which is going to be visible from
14 there, and it is going to deter from the type of
15 quality companies that will be attracted to the
16 facility, and it is drastically going to affect my
17 residence, because I'm bordering that property.

18 HEARING OFFICER ROSENMAN: Thank you, Mr.
19 Rodriguez. I think some of the concerns about siting
20 are being addressed by the State. Thank you.

21 MR. RODRIGUEZ: And, according to this list,
22 it says power plants have the current contract with
23 the Independent System Operators.

24 Well, considering this plant doesn't have a
25 current contract, again, the legal ramifications --

1 PRESIDING MEMBER KEESE: They will before
2 they get -- before this plant starts operating. They
3 must have that. And they must be diligently pursuing
4 it.

5 In order to be in front of us, they are --
6 they have that intent, in the Memorandum of
7 Understanding

8 MR. JOHNSON: Clarification of this issue:

9 This Applicant does currently have a
10 contract with the ISO. That contract is being
11 renegotiated with the Department of Water Resources.

12 What happened is they were signed up with
13 the ISO last year, in November -- whatever the date
14 was -- to do this project for the ISO, and that's why
15 they are allowed to come into our process, because
16 they do have a contract with the ISO.

17 In the meantime, they are renegotiating that
18 Contract, and the Department of Water Resources is
19 essentially rewriting the contract for them.

20 PRESIDING MEMBER KEESE: Thank you. I
21 appreciate your clarifying that.

22 HEARING OFFICER ROSENMAN: Ms. Stryker, is
23 it necessary to get your comment in light of Mr.
24 Johnson's answer?

25 MS. STRYKER: No.

1 HEARING OFFICER ROSENMAN: Thank you very
2 much. I apologize. We do need to move along to make
3 sure everyone has a chance to make their comment.

4 (Cell Phone rings.)

5 HEARING OFFICER ROSENMAN: I'm sorry, I
6 thought I turned it off.

7 Mr. Rowley, let's hear from you on behalf of
8 Semptra.

9 MR. ROWLEY: Thank you. My name is Joe
10 Rowley. I'm with Semptra Energy Resources.

11 Written comments have been sent to the
12 Commission and docketed a few days ago. Also a copy
13 was sent to the Applicant a few days ago.

14 We understand the project proposed by
15 CalPeak report to the State, but it is also important
16 that the project be designed so that it fits within
17 the site.

18 That first slide there shows the overall
19 186-acre Business Park -- And is that visible on your
20 monitors up there?

21 PRESIDING MEMBER KEESE: Yes.

22 MR. ROWLEY: In the upper right-hand corner
23 with the CalPeak site left of that, west is future
24 with Citracado Parkway running north-south in fact.

25 HEARING OFFICER ROSENMAN: For purposes of

1 the record, we're going to mark Mr. Rowley's letter
2 to Mr. Worl, dated May 17, and copies of these same
3 Power Point presentations, as Exhibit 6 to these
4 proceedings.

5 MR. ROWLEY: I will use the cursor to point
6 out a couple things.

7 The existing Vineyard Avenue, and the future
8 Citracado Parkway -- this is the entrance to the
9 Business Park.

10 Citracado Parkway has been planned for
11 circulation for many years, and would come to
12 fruition as part of this Business Park, and
13 basically, the sensitive issue here is one of visual
14 impacts.

15 As viewed from the west from the
16 intersection, most of that land form that the
17 Applicant shows as providing a screening to their
18 project in Camera Point 1 actually goes away.

19 That land form goes away when Citracado
20 Parkway is built, since that elevation needs to be
21 reduced to the same Elevation as Vineyard Avenue,
22 in order to provide the intersection. And since that
23 land form goes away, and then screening goes away,
24 other screening needs to take its place.

25 That screening -- in fact, before I go to

1 the next slide -- just south of the CalPeak site is
2 the portion of the Business Park, a 20-acre portion,
3 which would be devoted to our proposed 500 megawatt
4 project, among those that are already committed under
5 contract to the California Department of Water
6 Resources.

7 We have about 3200 megawatts of resources
8 and 1900 megawatts committed under a signed contract
9 with DWR. This 500 megawatt would be among those
10 used to supply the California Department of Water
11 Resources.

12 This issue here really is one project. It
13 is a business park which has a power generation
14 element. No business park; no power plants,
15 is basically the way this works in terms of getting
16 approval from the City.

17 PRESIDING MEMBER KEESE: Let me clarify.
18 Did you indicate that this road which is again on the
19 west side of the transmission lines from where we
20 were standing --

21 MR. ROWLEY: Yes.

22 PRESIDING MEMBER KEESE: -- will be lowered,
23 so it is going to go down to the level of Vineyard?

24 MR. ROWLEY: No.

25 PRESIDING MEMBER KEESE: I thought you --

1 HEARING OFFICER ROSENMAN: Tell us what
2 figure you are referring to.

3 MR. ROWLEY: This is Camera Point 1, Figure
4 Number 7?

5 Figure 7 -- this existing land form in the
6 foreground of this picture that provides screening to
7 the project, this would have to go away because
8 Citracado Parkway, the intersection, of course, being
9 an intersection, the road leaves Vineyard Avenue, and
10 it has to leave at the same elevation as Vineyard
11 Avenue, in which case, all this land form has to be
12 cut away in order to provide for that intersection.

13 So this is actually not effective screening.
14 And again, that intersection, that road, has been a
15 City circulation element for many years. This is not
16 new.

17 PRESIDING MEMBER KEESE: Are you -- would be
18 taking away property that is under the transmission
19 lines?

20 MR. ROWLEY: It would be immediately to the
21 west side of the transmission line corridor, so
22 parallel --

23 PRESIDING MEMBER KEESE: We're going to be a
24 couple hundred feet -- say 250 feet away from this
25 property?

1 MR. ROWLEY: It would be 200 feet away. And
2 so as shown in the figure there, the green swath,
3 north-south, is a 200 foot-wide swath, so, that
4 corridor would remain, and we would substantially
5 clean up that corridor.

6 PRESIDING MEMBER KEESE: And the road is
7 going to be in that right-of-way? Is the street in
8 the right of way?

9 MR. ROWLEY: It is on the edge of the
10 right-of-way, right there.

11 PRESIDING MEMBER KEESE: Partially goes
12 through the right-of-way?

13 MR. ROWLEY: That will be SDG&E -- if they
14 allow us to encroach on the right-of-way, because up
15 there, from a standpoint of design of the road, it is
16 advantageous, and we can encroach into the
17 right-of-way to some degree. The right of way is a
18 200 foot-wide trench.

19 PRESIDING MEMBER KEESE: Thank you.

20 MR. ROWLEY: Next slide. This is the CalPeak
21 plot plan as proposed to the City, substantially the
22 same as the plot plan that's proposed to the CEC, and
23 also this is the plot plan that was used by CalPeak
24 in obtaining their approval from the San Diego APCD.

25 Next slide, please. And this is the last

1 slide. This shows a very subtle modification to that
2 plot plan that allows for a ten-foot high berm to be
3 constructed both along the west side, and wrap it
4 around to the north side, of the project site.

5 We didn't want to simply make the comment
6 that a ten-foot high berm should be incorporated
7 without doing our homework.

8 Basically what we're showing here is based
9 on our other design of power plants -- which is what
10 we do for a living -- ten-foot-high berm can be
11 incorporated in the site, but it is important that
12 the berm be incorporated within the site since the
13 berm cannot be incorporated in the transmission line
14 easement.

15 That would raise the elevation of the ground
16 the transmission line easement, and encroach on the
17 minimum clearance with the conductor of the 230 kV
18 lines that go through and remain above ground.

19 So, if we can -- just before I leave this --
20 immediately to the north of the site in this picture,
21 is the site itself, which is M-1, and immediately
22 north is also M-1, to the west, is actually a
23 specific plan area, specific plan, essentially IP, so
24 the west side is actually a less expensive land use
25 and more sensitive than the north side.

1 HEARING OFFICER ROSENMAN: We need you to
2 conclude your comments.

3 MR. ROWLEY: If we could go back to the
4 original one. I would just tell you that, in the
5 interest of time, our comments on transmission are
6 included in our written comments, if you can take a
7 close look at those.

8 There are some issues with transmission that
9 need to be worked out. We think this project can be
10 incorporated in the site.

11 After all, we are building a 500-megawatt
12 power plant within the Business Park, and we
13 successfully screened that according to our design,
14 and we think this would be successfully screened as
15 well. And basically that's what we're looking for
16 here.

17 Thank you.

18 HEARING OFFICER ROSENMAN: Thank you, Mr.
19 Rowley.

20 HEARING OFFICER ROSENMAN: I think in light
21 of the comments that we've heard, both from the Mayor
22 and from Sempra, that we need to have some additional
23 information and submission from the Applicant
24 addressing the landscaping and other conditions that
25 are being proposed by the City and addressing the

1 concerns raised by Mr. Rowley and his letter.

2 And that would have to comply with the
3 comment period deadline of the next few days, the
4 29th, so that it can be considered by staff as part
5 of the process. All right.

6 We're going to have to limit some of these
7 other comments because of our time concerns.

8 Jim Diluca raises a comment about
9 compatibility with the adjacent campus business park.

10 Mr. Diluca, have we adequately addressed
11 that by virtue of these comments?

12 MR. DILUCA: You touched on part of it.

13 I would like to add additional information.

14 First of all, I'm Jim Diluca, 620 Allenwood
15 Lane. I live about 1200 feet to the west of this
16 project site.

17 I want to thank the Commission for
18 addressing the power needs within San Diego. And
19 Escondido is taking very much of the leadership role
20 in addressing the energy needs.

21 Currently, Escondido produces about 52
22 megawatts of power in Escondido through a
23 cogeneration plant, which is looking to double its
24 capacity from 50 to 100.

25 The City has also been discussing, since

1 last year, a 50-megawatt power plant on Washington
2 Street.

3 We have the Semptra Plant, 500 megawatts,
4 which you talked about, and the City has approved a
5 44-megawatt RAMCO peaker power plant right at the
6 gateway of this campus-style industrial park.

7 I'm sure you understand the issue of
8 compatibility between a campus industrial park and a
9 power plant, which was probably brought to your
10 attention from the Coyote -- or I believe it was
11 Coyote, industrial campus newspaper, in San Jose,
12 where the citizens are very much concerned about the
13 Metcalf Power Plant.

14 What you have here is the citizens are not
15 opposing this Semptra Power Plant, and the reason is
16 they want to address the industrial needs of this
17 City, is when you go through Escondido, 75 percent of
18 the industrial space is M-1 and M-2, which are
19 allowed by right. Power plants are allowed by right.
20 One of the last remaining cream-of-the-crop areas is
21 the Semptra Power plant.

22 Prior to the Semptra application --

23 HEARING OFFICER ROSENMAN: One minute.

24 MR. DILUCA: Thank you

25 PRESIDING MEMBER KEESE: We can't -- we can

1 deal with the Semptra Power Plant but only
2 peripherally here.

3 MR. DILUCA: I understand that.

4 That's why it's critical that this power
5 plant not go in until after this industrial park is
6 developed.

7 I'm not sure which way you came in, by Route
8 15 or 78 -- you didn't see an Oracle, a Cisco, or
9 Intel. This City is in dire need of a
10 high-technology campus park. This power plant -- all
11 the power plants that I mentioned, plus additional
12 power plants -- currently they are proposing to go
13 from 50 megawatts to 796 megawatts, a 1500 percent
14 increase in the next three to five years.

15 My question is --

16 HEARING OFFICER ROSENMAN: You need to
17 conclude your comments.

18 MR. DILUCA: My conclusion is Escondido has
19 done enough. Please don't inhibit their technology
20 development with industry. I believe too many power
21 plants in this valley will do that.

22 Thank you.

23 HEARING OFFICER ROSENMAN: Thank you, Mr.
24 Diluca.

25 Again, I apologize to anyone and everyone

1 who feels that we're moving along in the very quick
2 pace we are. And it is the only way I can make sure
3 that everyone who has questions or wants to make a
4 comment has that chance. All right.

5 Robroy Fawcett has a comment that he would
6 like to make with respect to the project.

7 MR. FAWCETT: Good evening. Thank you for
8 your time. I live at 1576 Katella Way, Escondido.

9 I commend you for taking the time and
10 getting this project on line.

11 I think we need it, and we need it now.

12 I understand the safety issues, and people
13 are getting T-boned at the intersection, but we need
14 control of blackouts.

15 Escondido got hit twice so far this year,
16 and I think it borders being irresponsible for the
17 City of Escondido to delay this project with the
18 conditions they have requested.

19 We also, as a State, are incurring a huge
20 economic liability, and we have to get the cost down.
21 We have to get these plants on line now.

22 Do not approve the 250,000-dollar trust.

23 I think it is totally unnecessary and
24 borders on fantasy.

25 If they claim they had a bad experience, if

1 you want a bad experience, travel south on Interstate
2 15 from the City. Our City has built no roads with
3 the City of San Diego to get over that lake. There
4 is a County road, State roads, there are interstates,
5 but there are no City roads. That causes three miles
6 of congestion and idling cars, creating air quality
7 problems, which the City has done nothing.

8 If they want to improve air quality, there
9 are other concerns.

10 What we need is to get electricity on line
11 now.

12 HEARING OFFICER ROSENMAN: You need to
13 conclude your comments.

14 MR. FAWCETT: Regarding the view to have
15 SDG&E supplement the height requirement that says --
16 they represented they can't put the berm on their
17 property because of the ten-foot berm because of the
18 height requirements, I challenge that. I think they
19 can. But, I don't know.

20 I ask you what requires them to supplement
21 that if you are going to put that as a condition.

22 HEARING OFFICER ROSENMAN: I apologize. You
23 have to finish your comment.

24 MR. FAWCETT: Thank you.

25 HEARING OFFICER ROSENMAN: Thank you very

1 much. All right. Next, David Drake of The Socorro
2 Group.

3 MR. DRAKE: Thank you very much. David
4 Drake, 325 Rockridge Place.

5 Commissioner Keese, I want to thank you and
6 your staff for taking the time to come down and hear
7 our concerns and issues.

8 My first concern is due-process time. We
9 have 18 minutes to finish this public hearing, and
10 generally this whole process has taken a few days
11 and -- few weeks, even, from the date of the
12 declaration, which takes 20 full days.

13 I have a concern later on at some point in
14 time the due-process review of this whole mechanism
15 is not going to go well.

16 Second issue, State preemptions in general
17 do not have a good history. State preemptions allows
18 people too sell gasoline, they can sell beer and
19 wine, and we have state preemptions for a variety of
20 things, none of which are necessarily to the benefit
21 of local cities. And so I am very concerned about
22 that.

23 The City Council in San Diego also expressed
24 a concern that a plant of this capacity and this size
25 should have a clear benefit for the City, and that

1 isn't necessarily clear.

2 Third concern: The source of the nitrous
3 oxide. You already know, in your own staff reports,
4 that we're about the second highest city in the
5 County of San Diego in terms of nitrous oxide and
6 ozone, so we have an extraordinary exceptional
7 problem.

8 When you review fatal flaws, look very
9 carefully to see the topography to get a picture of
10 this plant, along with others.

11 Having had a full process, we would have
12 looked at the sources from all the plants.

13 Final comment: You went to that site, and
14 I'm sure you are professionals and involved in a
15 variety of business activities, and you probably said
16 to yourself what I thought: "That site is awfully
17 small," and in fact, the developer can only place a
18 plant of a certain size there. There isn't room even
19 to grow or improve it later on.

20 I think the opportunity to improve that
21 plant with other air pollution control or
22 secondary-stage energy recovery is virtually
23 impossible because of its size.

24 Those are my concerns.

25 You bet we need energy. We need it at the

1 right place, at the right location.

2 Those are my fatal flaws. Thank you.

3 HEARING OFFICER ROSENMAN: Thank you very
4 much.

5 PRESIDING MEMBER KEESE: I appreciate that.
6 I think you did that all in one breath.

7 Okay. Let's hear from Odus Ross, Jr.
8 Mr. Ross.

9 MR. ROSS: Yes. My name is Odus Ross. I
10 have been living in this area for many years. My
11 address is 4207 Terry Street in Oceanside,
12 California. However, being a member of the
13 Boilermakers Union, and part of the work force in
14 Southern California, I have the opportunity to work
15 all over San Diego County as well as other counties.

16 Due to the fact of a lot of cutbacks and so
17 forth by large companies, a lot of people are
18 experiencing problems in how to pay their utility
19 bills, such as they are today, because of the cost
20 factor.

21 I think that most of the concerns on a unit
22 of this size, because it is so small, have pretty
23 much been answered over the 36 years of my experience
24 of working in the construction field from fossil fire
25 plants to nuclear generators and so forth.

1 This appears to be one of the cleanest
2 plants that I've seen. I've been up to the site
3 myself and kind of looked around, because of the
4 interest I have of being in the labor force in this
5 area and being able to work up there.

6 The economics for Escondido here, there are
7 lots of pipe fitters, a lot of laborers, a lot of
8 electricians, and a lot of carpenters that live in
9 Escondido itself that I'm sure will be working at
10 that plant.

11 A plant of that size wouldn't normally
12 employ maybe 50 employees over X amount of months to
13 build that type of a plant, and you have an influx of
14 money going into the economy here while the
15 construction workers have been here, which continue
16 to spend their money here in the stores and help the
17 revenue, the growth here. I'm sure there is some
18 additional revenue from the plant going to the City
19 of Escondido.

20 As a whole, it would appear that, even with
21 the Industrial Park that is going to go alongside,
22 you are going to have another 500-megawatt-unit
23 plant, which is tremendously larger with many more
24 concerns over a pollution-type situation than what a
25 small plant like this would bring to the area here.

1 HEARING OFFICER ROSENMAN: Can you conclude
2 your comments, please, Mr. Ross?

3 MR. ROSS: Yes. Thank you. And the bottom
4 line is that I think a lot of people are concerned
5 because they don't know -- especially in the local
6 industry here, other than the professionals that have
7 been speaking here -- they don't understand the fact
8 that power plants nowadays with all the NOx
9 improvement, all the other pollutant improvements, do
10 not really pose a threat like they used to in the old
11 days, and some of the older plants that are about to
12 shut down because of cost, they don't have the type
13 of equipment in place to pay those costs.

14 Thank you.

15 HEARING OFFICER ROSENMAN: Thank you very
16 much, Mr. Ross.

17 PRESIDING MEMBER KEESE: Thank you.

18 HEARING OFFICER ROSENMAN: We have several
19 questions from Barbara King. I'm going to read these
20 and see if we can get a response either from the
21 Committee or from the Applicant.

22 How much power will Escondido receive
23 directly?

24 PRESIDING MEMBER KEESE: The answer is
25 essentially this power will be fed into the grid in

1 this area.

2 The San Diego area happens to be the area --
3 an area that's on the end of power lines and is power
4 deficient, so if the question is, when we're at peak,
5 will San Diego get this power, this -- this power --
6 additional power is needed in the San Diego area at
7 peak.

8 MS. KING: So you are saying this power plant
9 will run and put it into the grid --

10 PRESIDING MEMBER KEESE: No.

11 MS. KING -- but not necessarily?

12 PRESIDING MEMBER KEESE: I don't want to get
13 too complicated here.

14 MS. KING: I understand.

15 PRESIDING MEMBER KEESE: Think of a big
16 pond, and if you throw a gallon of water in the pond,
17 you have a right to take a gallon out of it, but you
18 can never get that same gallon, so whether these
19 electrons ever get beyond the Escondido physical
20 borders is a question.

21 You are putting power in; you are supporting
22 the system in an area that needs the power, which is
23 the best you can say about the pond.

24 But this -- this power doesn't go anywhere.

25 MS. KING: But it doesn't stay here either

1 necessarily; in other words, there are no guaranties
2 that Escondido will have more power available to
3 itself; rather, what you are saying, is that the
4 State will have more power available.

5 PRESIDING MEMBER KEESE: That's correct.
6 Our grid here runs and includes part of Mexico and
7 its provinces; it is all one machine.

8 HEARING OFFICER ROSENMAN: Let's move on to
9 the next: What benefits are there for Escondido
10 residents.

11 Does the applicant have any information they
12 want to offer with respect to that? Mr. Lyons?

13 PRESIDING MEMBER KEESE: Very briefly.

14 MR. LYONS: Yes. The answer is that there
15 are basically two types of benefits: Economic
16 benefits in terms of property taxes paid and jobs
17 created during construction; and electric reliability
18 benefits, as the Chairman pointed out.

19 The probability is that most of this power
20 will stay in this area. This is an area efficiency,
21 in terms of reliability, and it is a net importer of
22 electricity.

23 This was identified as an area of need, and
24 the electrons go to the load, and they go to the
25 closest load, and the closest load is in Escondido,

1 so it will have environmental benefits, in fact,
2 being one of the cleanest peakers in the world.

3 Economic benefits and electrical benefits.

4 PRESIDING MEMBER KEESE: Thank you.

5 HEARING OFFICER ROSENMAN: Mr. Lyons, stay
6 close. I think you may be able to answer the next
7 question.

8 Do they have confirmed contracts for
9 adequate natural gas?

10 MR. LYONS: We are in -- in the process of
11 negotiating with a natural gas provider, developing
12 the portfolio of supplies to insure adequate,
13 affordable supply to the plant.

14 HEARING OFFICER ROSENMAN: This would
15 normally be a condition of operation of a Permit that
16 was issued; is that right, Mr. Chairman?

17 PRESIDING MEMBER KEESE: If we want to
18 build a plant, and they don't have gas, it is going
19 to sit there idle, so I don't --

20 MR. LYONS: There is plenty of gas. We're
21 working with one of the largest suppliers of natural
22 gas in the world -- in fact, one of the major
23 suppliers to the State of California.

24 PRESIDING MEMBER KEESE: It would be fair to
25 say or insist there be a contract, whether the

1 contract is with the gas, or --

2 MS. KING: The American Association of
3 Natural Gas Suppliers has stated publicly, on CNN,
4 saying there is going to be a shortage, and that our
5 natural gas supply is not guaranteed, in that sense.

6 So the alternative is to go to diesel, like
7 we're doing, or thinking about doing, in San Diego,
8 going to diesel power plants.

9 PRESIDING MEMBER KEESE: Not through the
10 Energy Commission.

11 HEARING OFFICER ROSENMAN: The last issue
12 Ms. King raised on her card is how does that define
13 an energy crisis.

14 And, Ms. King, I think that's an item that
15 not only can be debated here for days but has been
16 debated for days, if not longer, in the State
17 Legislature.

18 I'm going to find that it is beyond the
19 realm of this Committee to answer that question.

20 I believe Mr. Perkins mentioned that he has
21 information about the Governor's Emergency
22 Declarations.

23 I'm not saying that those necessarily will
24 answer your question, but we do define the nature of
25 the Energy Crisis, at least as viewed by the

1 Governor, as support for this.

2 PRESIDING MEMBER KEESE: They define
3 instructions to us.

4 MS. KING: I understand. I didn't realize
5 that he had actually defined it. But, the reason
6 that the process has been speeded up
7 is because he declared, I thought, an Emergency
8 Crisis.

9 PRESIDING MEMBER KEESE: He did, and of
10 course that is getting to be the point of the
11 debate.

12 PRESIDING MEMBER KEESE: He did.

13 MS. KING: I appreciate that.

14 HEARING OFFICER ROSENMAN: Thank you very
15 much for your comments and questions.

16 MS. KING: Thank you.

17 PRESIDING MEMBER KEESE: Thank you.

18 HEARING OFFICER ROSENMAN: Next, James
19 McCann.

20 MR. McCANN: James McCann. Real quick, I
21 don't want you to miss those planes.

22 Thank you very much for coming and making
23 the time to hear the concerns of all of the folks who
24 have spoken this evening.

25 We are the Developers of the Business Park

1 that's been described earlier by the City staff and a
2 number of the speakers.

3 Obviously, we believe that a business park
4 can be successful and coexist with power plants, and
5 what occurs to me is the old saying everything we
6 needed to know we learned in kindergarten; that we
7 are going to be expected to be good neighbors.

8 And that's what we expect from the CalPeak
9 folks as well.

10 I think if we can ask you to earnestly
11 consider the mitigation which has been proposed, that
12 you will have done us all very well.

13 Thank you very much.

14 PRESIDING MEMBER KEESE: I would say, as
15 with everybody in the public here, be sure to
16 communicate with our staff.

17 That's -- that's another point. We hear
18 what you say, and our staff is the independent body
19 going to give us their recommendation.

20 Communicate with them, and they have a lot
21 more time than we do.

22 HEARING OFFICER ROSENMAN: Again, I want
23 to -- I apologize on behalf of the Committee for
24 moving things through so quickly, but we do want to
25 make sure that everyone who has asked for, by

1 submitting a blue card, has had an opportunity to
2 speak.

3 We've now gone through all the blue cards,
4 and I want to thank everyone who has made a
5 presentation today.

6 I thank the Chairman and his advisor for
7 their participation, the Applicant, staff, and all
8 the governmental agencies and other speakers. We
9 thank you and appreciate your participation.

10 And I remind you of those cutoffs: May 29th
11 for written comments to the staff, and I think, with
12 that, we will conclude the proceeding.

13 And again, I want to thank the City of
14 Escondido for hosting us.

15 PRESIDING MEMBER KEESE: Thank you.

16 (Thereupon the Hearing was concluded at
17 9:15 p.m.)

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STATE OF CALIFORNIA)
) ss:
 COUNTY OF SAN DIEGO)

I, Janet B. White, Certified Realtime Reporter,
 C.S.R. No. 1879, do hereby certify:

That the foregoing INFORMATION HEARING BEFORE
 THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
 COMMISSION OF THE STATE OF CALIFORNIA, was reported
 by me at the time and place herein set forth; was
 thereafter transcribed, through computer-aided
 technology, under my direction and supervision, and
 that the foregoing is a true record of same.

I further certify that I am neither counsel for nor
 related to any party to said action, nor in any way
 interested in the outcome thereof.

IN WITNESS WHEREOF, I have subscribed my name
 this 29th day of May, 2001.

JANET B. WHITE, C.S.R. No. 1879

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